



SEABOARD COAST LINE RAILROAD COMPANY

Treasury Department
P. O. Box 27581
Richmond, Virginia 23261

LEONARD G. ANDERSON
VICE PRESIDENT AND TREASURER

April 12, 1977

7-104A137
APR 14 1977
FEE \$ 50
U.S. DEPARTMENT OF COMMERCE
WASHINGTON, D. C.

Mr. Robert E. Oswald
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

8780
RECORDATION NO. 6877
APR 14 1977 3 20 PM
FEE OPERA I.C.C. ON BR.
RECEIVED
APR 14 3 10 PM '77
INTERSTATE COMMERCE COMMISSION

Dear Mr. Oswald:

I am enclosing for filing and recording under the provisions of Section 20c of the Interstate Commerce Act, as amended, executed counterparts Nos. 1 - 3, inclusive, of Lease of Railroad Equipment dated as of December 27, 1976, between Durham and Southern Railway Company and this company, described in detail below. A Master Lease Agreement covering the equipment was filed and recorded at the Commission on January 24, 1973 and assigned Recordation No. 6877. A Guarantee to said Master Lease Agreement was filed with your Commission on September 10, 1976 and assigned Recordation No. 6877-B, and a Statement of New Road Numbers was filed with your Commission on March 21, 1977 and assigned Recordation No. 6877-C.

Counterpart No. 2 of the Lease of Railroad Equipment may be treated as the original and the others as counterparts thereof.

1. Names and addresses of the parties to the Lease of Railroad Equipment

- (a) Lessor - Durham and Southern Railway Company,
500 Water Street, Jacksonville, Florida 32202
- (b) Lessee - Seaboard Coast Line Railroad Company,
3600 West Broad Street, Richmond, Virginia 23230

2. Description of the Equipment
Identifying Marks

"American Financial Leasing & Services Co., Owner and Lessor"

<u>General</u> <u>Description</u>	<u>Type of Equipment</u>	A.A.R. Mech. <u>Desig.</u>	<u>Road Numbers</u>
4 Diesel Locomotives	2000 H.P. Model No. GP38-2	BB	SCL 556 - 559, incl.

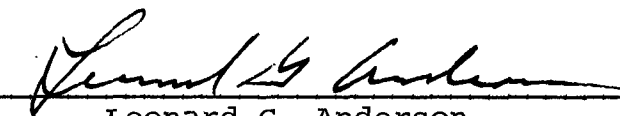
Counterparts Nos. 2 and 3 of the above-mentioned lease should be returned to Mr. Erle J. Zoll, Jr., Seaboard Coast Line Railroad Company, 1000 Connecticut Avenue, N.W. Washington, D. C., acting on my behalf.

I am enclosing check for \$50.00 made payable to the Commission covering the recordation fee for the above-mentioned document.

Very truly yours,

SEABOARD COAST LINE RAILROAD COMPANY

By



Leonard G. Anderson
Vice President and Treasurer

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

4/14/77

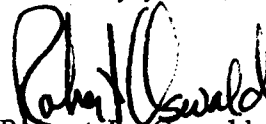
Leonard G. Anderson
SeaBoard Coast Line RR. Co.
3600 West Broad Street
Richmond, Virginia 23230

Dear

Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on **4/14/77** at **3:20pm**,
and assigned recordation number(s)

Sincerely yours,



Robert L. Oswald
Secretary

Enclosure(s)

LEASE OF RAILROAD EQUIPMENT dated as of December 27, 1976, between DURHAM AND SOUTHERN RAILWAY COMPANY, a North Carolina corporation (hereinafter called the Lessor), and SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation (hereinafter called the Lessee).

8700
RECORDATION NO. ... Filed & Recorded

WITNESSETH THAT:

APR 14 1977 -3 20 PM

WHEREAS, the Lessee desires to lease those certain ~~four~~ (4) locomotives (hereinafter called the Locomotives), described in Schedule A hereto, at the rentals and for the terms and upon the conditions hereinafter provided; and

INTERSTATE COMMERCE COMMISSION

WHEREAS, the Locomotives are subject to those certain Master Lease Agreement (hereinafter called Master Lease), dated as of December 27, 1972, between American Financial Leasing & Services Co. (hereinafter called American) and Lessor, assigned by American to The Provident Bank (hereinafter called the Bank), and Guaranty Agreement (hereinafter called Guaranty Agreement), dated as of January 14, 1976, between Lessee, as Guarantor, American and Bank.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Locomotives to the Lessee upon the following terms and conditions subject, however, upon default of the Lessor under the Master Lease or of the Lessee under the Guaranty Agreement, to all the rights and remedies of the Bank under the Master Lease or Guaranty Agreement, or both, as the case may be.

SECTION 1. Delivery and Acceptance of Locomotives. The Lessor has caused each Locomotive to be delivered to the Lessee as of the date hereof.

SECTION 2. Rentals. The Lessee agrees to pay to the Lessor as rental for the Locomotives the amount of Twenty-four Thousand, Six Hundred Fifty-five Dollars and Forty-two Cents (\$24,655.42), payable quarterly in advance on the 27th day of March, June, September and December in each year, commencing as of the date hereof and terminating on December 27, 1987.

SECTION 3. Term of Lease. This lease shall terminate on December 27, 1987, unless earlier terminated by either party.

upon the giving of fifteen days' notice in writing to the other party. Notwithstanding anything to the contrary contained herein, all rights and obligations under this lease and in and to the Locomotives, upon default by the Lessor under the Master Lease or by the Lessee under the Guaranty Agreement, are subject to the rights of the Bank thereunder. If an event of default should occur under the Master Lease or Guaranty Agreement, the Bank may terminate this lease.

SECTION 4. Identification Marks. The Lessee will cause each Locomotive to be kept numbered with the new number set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Locomotive, in letters not less than one inch in height, the name of American, followed by the words "Owner and Lessor", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Bank's title to and property in the Locomotives, and the rights of the Bank under the Master Lease and of the Lessor under this lease and the Guaranty Agreement. The Lessee will replace promptly any such name and words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Locomotive except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Bank and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this lease, the Master Lease and the Guaranty Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Locomotive as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may allow the Locomotives to be lettered with the names or initials or other insignia customarily used by the Lessee or its subsidiaries or affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Locomotives as permitted under this lease.

SECTION 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the

Lessor with respect to the amount of any local, state, federal or foreign taxes [other than any United States federal income tax (and, to the extent that the Lessor receives credit therefor against its United States federal income tax liability, any foreign income tax) payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which the Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided] or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called Impositions) hereafter levied or imposed upon or in connection with or measured by this lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Master Lease, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Locomotive or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Locomotive free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Locomotive; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or under the Master Lease. If any Impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payments to the Bank or otherwise pursuant to the Master Lease not covered by the foregoing paragraph of this Section 5, the Lessee shall pay such additional amounts (which shall also be deemed Impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to the Master Lease.

In the event any reports with respect to Impositions are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Bank in such Locomotives or notify the Lessor and the Bank of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and the Bank.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Imposition, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 6. Payment for Casualty Occurrences; Insurance.

In the event that any Locomotive shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessor or the Lessee, irreparably damaged, seized by the government or otherwise rendered permanently unfit for use from any cause whatsoever (such occurrences being hereinafter called Casualty Occurrences) during the term of this lease, the Lessee shall promptly and fully notify the Lessor and the Bank with respect thereto and comply fully with the provisions of Paragraph (11) of the Master Lease. Upon the compliance by the Lessee in respect of any Locomotive, the rental for such Locomotive shall cease to accrue, the term of this lease as to such Locomotive shall terminate and (except in the case of the loss, theft or complete destruction of such Locomotive) the Lessor shall be entitled to recover possession of such Locomotive.

The Lessee will, at all times while this lease is in effect, at its own expense, cause to be carried and maintained insurance in respect of the Locomotives at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee on similar equipment owned by it. Any net insurance proceeds as the result of insurance carried by the Lessee received by the Lessor in respect of Locomotives suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 6. If the Lessor shall receive any such net insurance proceeds or condemnation payments after the Lessee shall have made payments pursuant to this Section 6 without deduction for such net insurance proceeds or such condemnation payments, the Lessor shall pay such proceeds to the Lessee up to an amount equal to

the Casualty Value with respect to a Locomotive paid by the Lessee and any balance of such proceeds shall remain the property of the Lessor.

SECTION 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1977, the Lessee will furnish to the Lessor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Locomotives then leased hereunder and covered by the Master Lease, the amount, description and numbers of all Locomotives that have suffered a Casualty Occurrence during the preceding calendar year, the amount, description and numbers of all Locomotives then undergoing repairs, other than running repairs, or then withdrawn from use for such repairs, and such other information regarding the condition and state of repair of the Locomotives as the Lessor or the Bank may reasonably request and (b) stating that, in the case of all Locomotives repainted or repaired during the period covered by such statement, the numbers and the markings required by this lease and the Master Lease have been preserved or replaced. The Lessor shall have the right by its agents, to inspect the Locomotives and the Lessee's records with respect thereto at such reasonable time as the Lessor may request during the continuance of this lease.

SECTION 8. Disclaimer of Warranties, Compliance with Laws and Rules, Maintenance and Indemnification. The Lessor makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the material, equipment or workmanship in, the Locomotives delivered to the Lessee hereunder, and the Lessor makes no warranty of merchantability or fitness of the Locomotives for any particular purpose or as to title to the Locomotives or any component thereof, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this lease to assert and enforce from time to time, in the name of and for account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have under the provisions of the Master Lease.

The Lessee agrees, for the benefit of the Lessor and the Bank, to comply in all respects (including, without limitation,

with respect to the use, maintenance and operation of each Locomotive) with all laws of the jurisdictions in which its operations involving the Locomotives may extend and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Locomotives, to the extent that such laws and rules affect the title, operation or use of the Locomotives, and in the event that such laws or rules require any alteration of any Locomotives, or in the event that any equipment or appliance on any such Locomotive shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on any such Locomotive in order to comply with such laws or rules, the Lessee will make such alterations, changes, replacements and additions at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Bank adversely affect the property or rights of the Lessor or the Bank under this lease, the Master Lease or the Guaranty Agreement.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Locomotive in good order and repair.

Any and all additions to any Locomotive and any and all parts installed on and replacements made to any Locomotive or additions thereto, shall constitute accessions to such Locomotive and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Master Lease) shall immediately be vested in the Lessor and the Bank as their respective interests appear in the Locomotive itself; excepting, however, communications, signal and automatic control equipment or devices having a similar use which have been added to such Locomotives by the Lessee which are not required for the operation or use of such Locomotive by the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body.

The Lessee agrees to indemnify, protect and hold harmless the Lessor and the Bank from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection

therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of the Master Lease or Guaranty Agreement or this lease, the ownership of any Locomotive, the use, operation, condition, storage or return of any Locomotive or any accident in connection with the operation, use, condition, possession, storage or return of any Locomotive resulting in damage to property. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this lease or the termination of this lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Bank of the Locomotives or the leasing thereof to the Lessee.

SECTION 9. Default. If, during the continuance of this lease an event of default, as set forth in Paragraph (15) of the Master Lease, shall occur, then, in any such event, the Lessor, at its option, may proceed to enforce performance by the Lessee of the applicable covenants of said Paragraph (15) of the Master Lease.

SECTION 10. Assignment, Possession and Use. This lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under Section 5, 6 and 9 and the rights to receive the rentals payable under this lease) shall inure to the benefit of the Lessor's assigns (including the partners or any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively). Whenever the term Lessor is used in this lease it shall apply and refer to each such assignee of the Lessor.

So long as the Lessee shall not be in default under this lease or the Guaranty Agreement, and so long as the Lessor shall not be in default under the Master Lease, the Lessee shall be entitled to the possession and use of the Locomotives in

accordance with the terms of this lease, the Master Lease and the Guaranty Agreement, but, without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this lease in the Locomotives or any of them. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any part which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor or the Bank not related to the ownership of the Locomotives) upon or with respect to any Locomotive, including any accession thereto, or the interest of the Lessor, the Bank or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Locomotives, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as the Lessee shall not be in default under this lease or the Guaranty Agreement, and so long as the Lessor shall not be in default under the Master Lease, the Lessee shall be entitled to the possession of the Locomotives and to the use of the Locomotives by it or any subsidiary or affiliate upon lines of railroad owned or operated by it or any such subsidiary or affiliate or upon lines of railroad over which the Lessee or any such subsidiary or affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such subsidiary or affiliate is regularly operated pursuant to contract, but only upon and subject to all the terms and conditions of this lease, the Master Lease and the Guaranty Agreement. The Lessee may receive and retain compensation for such use from other railroads so using any of the Locomotives.

Nothing in this Section 10 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this lease in the Locomotives or possession of the Locomotives to any railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantively as an entirety, provided that such assignee or transferee

will not, upon the effectiveness of such merger or consolidation, be in default under any provision of this lease.

SECTION 11. Recording, Expenses. The Lessee will cause this lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interests in the Locomotives, or for the purpose of carrying out the intention of this lease or any assignment thereof.

The Lessee will pay the reasonable costs and expenses involved in the preparation and filing of this lease and any assignment thereof, amendment or supplement thereto.

SECTION 12. Execution. This lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

DURHAM AND SOUTHERN RAILWAY COMPANY

[Corporate Seal]

By

W. H. Hartman
Executive Vice President

Attest:

R. W. Murray
Assistant Secretary

SEABOARD COAST LINE RAILROAD COMPANY

[Corporate Seal]

By

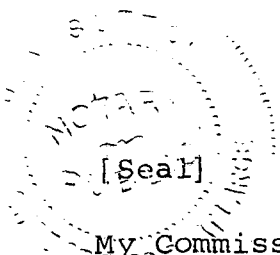
J. H. Perkins
Vice President-Operations

Attest:

W. H. Hartman
Assistant Secretary

STATE OF FLORIDA)
COUNTY OF DUVAL) ss.

On this 3rd day of February, 1977, before me personally appeared D. C. HASTINGS, to me personally known, who, being duly sworn, says that he is Executive Vice President of DURHAM AND SOUTHERN RAILWAY COMPANY, and that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



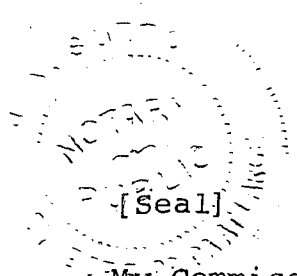
J. A. Sullivan
Notary Public

My Commission expires

Notary Public, State of Florida at Large
My Commission Expires Oct. 3, 1979
Bonded by American Fire & Casualty Co.

STATE OF FLORIDA)
COUNTY OF DUVAL) ss.

On this 3rd day of February, 1977, before me personally appeared J. L. WILLIAMS, to me personally known, who, being by me duly sworn, says that he is Vice President-Operations of SEABOARD COAST LINE RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



J. A. Sullivan
Notary Public

My Commission expires

Notary Public, State of Florida at Large
My Commission Expires Oct. 3, 1979
Bonded by American Fire & Casualty Co.

SCHEDULE A

Original Locomotive Number <u>(Lessor)</u>	<u>Type Unit</u>	New Locomotive Number <u>(Lessee)</u>
D&S 2000	GP 38-2	SCL 556
" 2001	"	" 557
" 2002	"	" 558
" 2003	"	" 559